

SWCD Training Module

Statutes and
Financial
Guidelines for
SWCDs

**FINANCIAL
OPERATIONS**

Audit and Financial Operations Module

This Module Covers:

- Financial Record Keeping
- Statutes Governing SWCD Finances
- State Board of Accounts Accepted Procedures
- Electronic Record Keeping Guidelines for Districts
- A Checklist for Audits

Necessary Support Materials:

- District Operations Manual
- Audit Training Handout Materials from Prior State Audit Training

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Created By:
Conservation Program Specialists—
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IDNR Division of Soil Conservation

ACCOUNTING AND AUDIT BASICS FOR SWCDs

District Operations Manual

The **District Operations Manual** is the primer for office operation. The manual contains the following background material for most financial procedures, as well as State Board of Accounts approved forms for district use.

- A. Suggested Budgeting Process
- B. Financial Record Keeping
- C. Guide To Posting Disbursements

Quickbooks

Some districts propose to use electronic accounting software to help in accomplishing bookkeeping tasks for the SWCD's funds. The State Soil Conservation Board (SSCB) has approved the use of Quickbooks software by INTUIT as acceptable for maintaining SWCD books. A regular system of backups should be maintained including a hard copy of the district ledger if the SWCD chooses to use Quickbooks. The Division of Soil Conservation has developed a template with a sample Chart of Accounts to assist any SWCD starting to use Quickbooks. Quickbooks also offers many features through their individual website. To receive help on the use of the software, connect to the Quickbooks website at:

<http://www.quickbooks.com>

Contact your local Conservation Program Specialist or the Division of Soil Conservation's central office at 317/233-3870 for more assistance on this option.

Audit Training

Statewide audit training is periodically conducted in centralized locations to assist district coordinators. Speakers provide handout materials which reference the Indiana Code as it applies to the SWCD use of funds. Materials in the training session also are included in the **Accounting and Uniform Compliance Guidelines Manual** for Special Districts which is published by the Indiana State Board of Accounts (SBOA). SWCDs can obtain a copy of this manual by contacting SBOA at 317/232-2513, or by downloading it off their Web site at:

<http://www.in.gov/sboa/publications/manuals/specdist/specdist01/>

Each SWCD should print out and maintain a hard copy of the manual in their accounting reference materials. All SWCDs are expected to comply with the guidelines of the SBOA, SSCB, in addition to all pertinent articles in the Indiana Code and Indiana Administrative Code. These citations are listed below.

SBOA Accounting and Uniform Compliance Guidelines Manual: Chapter 9

- 1. Prescribed forms
- 2. Sales taxes and tax exemption
- 3. General information
- 4. Exempt purchases on which sales tax is paid by purchaser
- 5. Audit costs
- 6. Commuting mileage
- 7. Contracts for services
- 8. Credit card use
- 9. Donations and scholarships
- 10. Interest on investments
- 11. Personal expenses
- 12. Prescribed forms
- 13. Travel policy

SBOA Accounting and Uniform Compliance Guidelines Manual: Chapter 14

- 1. Deposit and investment of funds
- 2. Designation of depositories
- 3. Trusts and endowments
- 4. Official depository list

Statutes Governing District Business

Indiana Codes are individual laws, or statutes, written by our legislators to govern state operation. Statutes governing district operation are accessible through the internet at:

<http://www.in.gov/legislative/ic/code>

Indiana codes relating to the appropriate use and handling of SWCD financial responsibilities are listed below. SWCDs are encouraged to print copies of the following statutes for future reference.

IC-5-11 Accounting for public funds

IC-5-11-4 Payment of State Board of Accounts for Investigation of Public Accounts

IC-5-11-5 Reports of Examinations by State Board of Accounts; Recovery of Public Funds

IC-5-13-4 Definitions (24 technical legal definitions)

IC-5-13-5 General provisions (Details governing public non-state funds. Very good guidelines as to identifying the warrants and documentation by the SWCD treasurer)

IC-5-13-6 Deposit of Public Funds (Same day deposit language)

IC-5-13-7 Local Boards of Finance (Defines board hierarchy and details of public meeting duties)

IC-5-13-8 Designation of Depositories (A listing of accepted depositories in the state into which you may deposit and invest public funds. Not all banks and financial institutions are approved for use by SWCDs or State agencies. One must ensure that one's institution is on the list or be in jeopardy if it should fail.)

IC-5-13-9 Deposit and Investment Powers

IC-5-13-9.5 Designation of State Depositories

IC-5-13-10.5 State Investments

IC-5-14-1.5 Public Meetings (Open Door Law – provides the details and restrictions of public meetings and notification to the media and general public for meeting for business purposes including executive session and regular as well as special meetings)

IC-14-32 Soil and Water Conservation District Law – governing the State Soil Conservation Board of Directors and its members - District supervisors' powers and duties, officers, elections, meetings, Clean Water Indiana law is included under this statute {Ch. 8}

IC-35-44 Offenses against Public Administration

IC-36-1-8 Miscellaneous Fiscal and Administrative Provisions

Audit Checklist

A listing has been compiled by the State Board of Accounts to assist districts in organizing paperwork for auditing. It is recommended that all districts review and follow the checklist to simplify and speed the process of auditing financial records. The audit checklist should include, but not be limited, to:

- General ledger, balance sheets, and other accounting records
- Schedule of investment transactions for the audit period
- Invoices, purchase orders and receiving reports for the audit period
- Bank statements for the audit period
- Details of any new bond issues, significant contracts, lease agreements, etc.
- Copies of lease agreements in effect during the audit period
- Summary of all litigation involving the district during the audit period, including an administrative evaluation of the probable outcome
- Summary of significant events occurring subsequent to the end of the audit period
- Does the accounting system make it possible to show that the district has complied with all applicable legal provisions?
- Does a deficit exist in any fund at year end?
- Has any district officer or employee accepted anything of value, whether in form of service, loan, thing or promise, from anyone doing business with the district?
- Have all previous critical audit discrepancies been corrected? If not, list those not corrected and explain delay in correction.
- Are minutes taken at all meetings of the district board?
- Is all official action taken by the district board done so at regular meetings?
- Does the district have bonding or surety coverage for individuals with access to district funds?
- Does the district keep financial records in accordance with applicable state guidelines?

Statutes Relating to District Financial Legal Operations

Similar to financial business, statutes provide details for nearly all aspects of district operation. The following statutes will assist you in special circumstances as well as routine activities of the district:

IC 35-44-1-3 Conflict of Interest Disclosure Statement

IC 5-14-1.5 Public meetings (Open Door Law)

IC 14-32 Soil Conservation Law (the District Law)

District Funds

Considerable responsibility is given to the expenditure of district funds. Supervisors and staff need to be aware of the statutory restrictions and special circumstances under which expenditures may be made. Following are a number of guidelines; however, if question may exist regarding expenditures, please consult your Conservation Program Specialist for guidance so that legal guidelines may be met.

- A. All funds receipted into district account(s) are considered public funds and shall be handled as such and shall be accounted for through a GENERAL FUND of accounts.
- B. Petty Cash funds (must balance to the penny always – a locked box is to be used and limited personnel are to be able to access the funds) - Petty cash is intended for payment of small purchases when writing a check is impractical. The supervisors should establish a policy for maximum petty cash balance and amount considered to be a “small purchase” not requiring their approval for payment.
- C. Cash Change fund is intended to receive cash payments from clients, such as for flags, copies, etc. Cash change may be increased if needed for making change for clients at events such as the district annual meeting. The supervisors should establish a policy for the minimum cash change balance. The law requires daily deposit of receipts, so it is a good idea to make regular deposits of excess cash change.
- D. Personal use of public funds is prohibited, such as purchase of:
 - i. Flowers for family or individuals
 - ii. Coffee or refreshments for meetings and staff
 - iii. Purchase of meals or refreshments for supervisors and staff at regular meetings.
- E. Use of public funds for the purchase of meals or refreshments for field days, educational events and public meetings, etc. where a meal or refreshment is applicable – is a suitable expenditure for public funds. (Regular SWCD Board meetings are considered public meetings, but are exempt from meal/refreshment purchase with public funds.)

Where SWCDs Can Find Outside Help

Indiana Conservation Partnership

IDNR - Division of Soil Conservation
402 West Washington Street, Room W265
Indianapolis, Indiana 46204-2782
317/233-3870
317/233-3882 FAX
<http://www.in.gov/dnr/soilcons>

Indiana Association of Soil and Water Conservation Districts, Inc.
202 South East Street, Suite 740
Indianapolis, Indiana 46202-4056
317/692-7374
317/692-7363 FAX
<http://www.iaswcd.org>

Purdue University Cooperative Extension Service
615 West State Street
1140 AGAD Building
West Lafayette, IN 47907-2053
765/494-8490
765/494-5876 FAX
<http://www.ces.purdue.edu/index.html>

USDA Natural Resources Conservation Service
6013 Lakeside Boulevard
Indianapolis, Indiana 46278-2933
317/290-3200
317/290-3225 FAX
<http://www.in.nrcs.usda.gov>

Where SWCDs Can Find Outside Help

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**Soil and Water Quality Program Website
Education and SWCD Support**

<http://www.agry.purdue.edu/swq>

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